



Quarterly Update Q1FY16

Bring Home Health & Happiness



The release contains forward-looking statements, identified by words like 'plans', 'expects', 'will', 'anticipates', 'believes', 'intends', 'projects', 'estimates' and so on. All statements that address expectations or projections about the future, but not limited to the Company's strategy for growth, product development, market position, expenditures and financial results, are forward-looking statements. Since these are based on certain assumptions and expectations of future events, the Company cannot guarantee that these are accurate or will be realized. Actual results might differ materially from those either expressed or implied in the statement depending on the circumstances. Therefore the investors are requested to make their own independent assessments and judgments by considering all relevant factors before making any investment decision. The Company assumes no responsibility to publicly amend, modify or revise any such statements on the basis of subsequent developments, information or events.



Vision for Heritage Foods Limited

Heritage Foods Ltd. has engaged KPMG and finalized its Vision and Mission statement-2020. The Board of Directors have approved on 30 January, 2015.



Delighting Every Home with Fresh and Healthy Products

And

Empowering The Farmer



To be a nationally recognized brand for healthy and fresh products with a revenue of INR 6000 Crore by 2020

We anticipate, understand and respond to our customers' needs by creating high quality products and making them available through innovative and convenient channels.

We embrace the right technology to delight our customers.

We are a strong supporter of balancing economic, social and environmental aspects to create a better tomorrow. We are devoted to empowering the farming community through our unique "Relationship Farming" Model.

We aim to be the employer of choice by nurturing entrepreneurship, promoting empowerment alongside transparent and open communication.



Core Values of Heritage Foods

Values for S.U.C.C.E.S.S.

- S** Speed and Agility
- U** Uphold Integrity
- C** Customer Delight
- C** Collaboration with Leadership Excellence
- E** Empowering Society & Employees
- S** Supremacy Through Innovation
- S** Sustainability

- Total Turnover has improved on YoY by 14 % at Rs 5785 mn
- Dairy Revenue is higher by 14 % at Rs 4368 mn
- Dairy EBITDA is at Rs 314 mn
- Branded Value Added Products in Dairy surged forward by 15 % at Rs 1093 mn
- Retail Revenue is up by 14 % at Rs 1339 mn over previous FY
- Retail EBITDA is at Rs -30 mn as against Rs -25 mn in Q1 previous year
- On Agri front, EBITDA is at Rs 6 mn as against Rs 5 mn in Q1 previous year
- On Bakery front, EBITDA is at Rs 1 mn as against Rs -1 mn in Q1 previous year

Q1FY16 Key metrics - Dairy



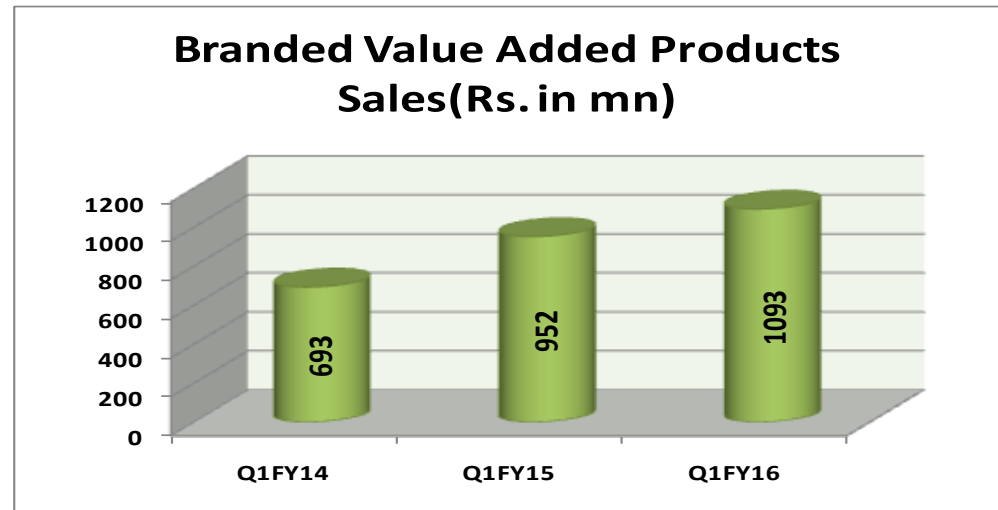
	Q1FY16	Q1FY15	YOY %
Liquid milk sales (llpd)	7.9	8.0	-2%
Liquid milk price real. (Rs/l)	37.1	36.3	2%
Milk Procurement (llpd)	11.1	8.9	25%
Milk procurement price (Rs/l)	31.3	30.5	2%
Branded Value added Products sales (Rs mn)	1093	952	15%
No. of Parlours	1332	1222	

llpd: lakh liters per day

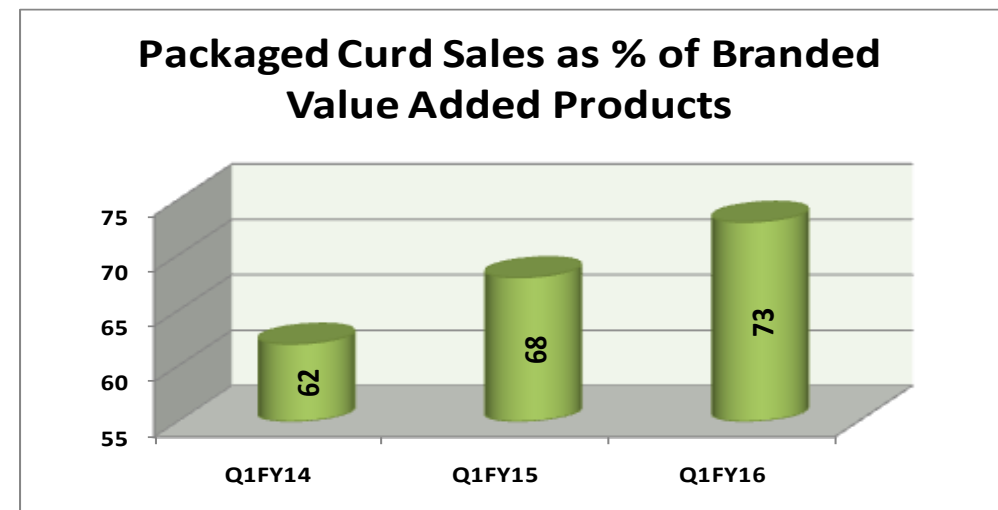
Q1FY16 Key metrics - Dairy (Branded Value Added Products)



Branded Value Added Products	
Year	Sales(Rs. in mn)
Q1FY14	693
Q1FY15	952
Q1FY16	1093



Packaged Curd Sales	
Year	As % of Branded Value Added Products
Q1FY14	62
Q1FY15	68
Q1FY16	73





- **14 % yoy growth in turnover to Rs 4368mn**
- **-2 % yoy de-growth in Milk sales to 7.9 LLPD (lakh litres per day)**
- **15 % yoy growth achieved in Branded Value Added Products sales**
- **23 % yoy growth in Packaged Curd sales (accounts for approx. 73 % of Branded Value Added Products sales)**
- **25 % yoy growth in milk procurement to 11.1 LLPD (lakh litres per day)**
- **EBITDA of Rs 314 mn (EBITDA margin of 7 %) as against Rs 208 mn (EBITDA margin of 5 %) in Q1FY15**
- **Dairy Parlors as on 30.06.2015 are 1332 Nos.**
- **Export turnover during Q1FY16 of Rs 25 mn**

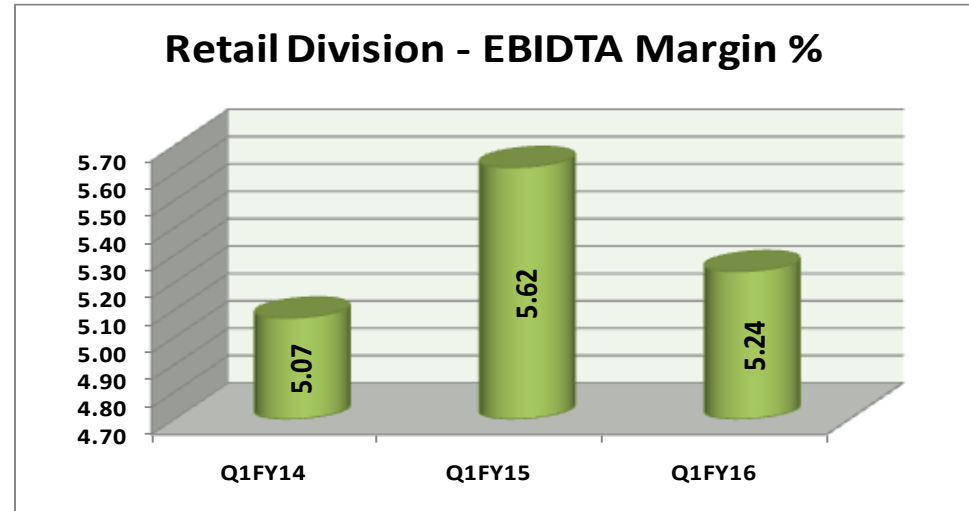
Q1FY16 Key metrics - Retail



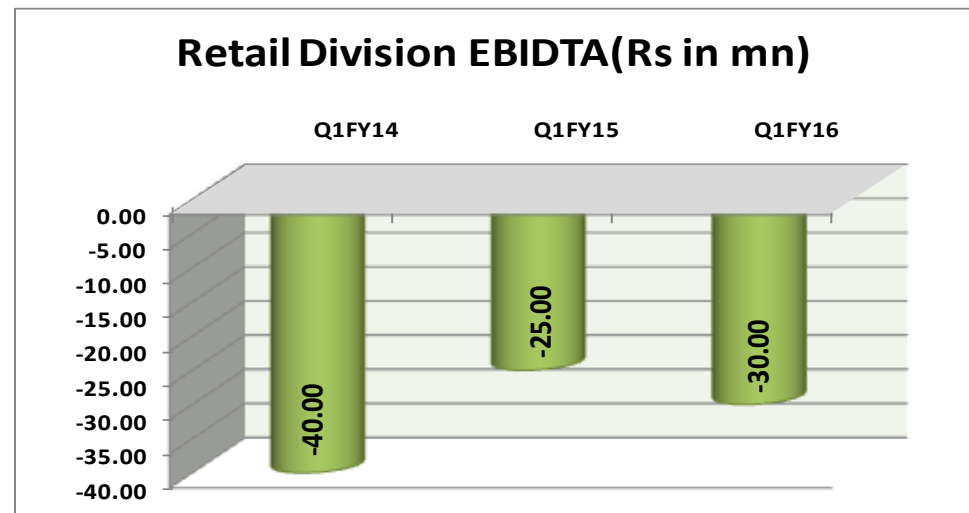
Particulars	Q1FY16	Q1FY15	YOY %
No. of stores	93	77	20.78
Total carpet area('000 sqft)	340	276	23.19
Effective Carpet Area('000 sqft)	339	267	26.97
Avg store sales(Rs mn/sqft/month)	1118	1207	-7.41
Revenue Break-up(Rs mn):			
Heritage Fresh Stores	1136	969	17.21
Institutional, General Trade & Others	102	121	-15.80
Other Operating Income	102	87	16.94
Total Revenue from Operations	1339	1177	13.79
Other Income	0.53	1.22	-56.93
Total Revenue(Rs mn)	1340	1178	13.72
Total Gross Profit(Rs mn)	245	210	17
Gross margin(%)	18.28%	17.83%	2.50
Gross margin Heritage Fresh(%)	20.22%	19.76%	2.33
EBITDA at store level(Rs mn)	70	66	6.42
EBITDA margin(%)	5.24%	5.62%	-6.69
Regional & Corporate Overheads	100	91	9.65
Overheads/sft/month	98	114	-13.58
EBITDA(Rs mn)	-30	-25	-18.16



Retail Division	
Year	EBIDTA Margin%
Q1FY14	5.07
Q1FY15	5.62
Q1FY16	5.24



Retail Division	
Year	EBIDTA(Rs in mn)
Q1FY14	-40
Q1FY15	-25
Q1FY16	-30





- Same Store de-growth (considering 69 comparable stores) stood at -5.4%
- -9.1% yoy productivity growth on account increase of 0.08 mn sqft trading space
- Average Bill Value (ABV) increased by 0.1% yoy to Rs 238 (Rs 237 in 1QFY15)
- No. of Bills (NOB) increased by -5.5% yoy to 3.62 mn (3.83 mn in 1QFY15)
- Store Gross margin Increased by 46 bps to 20.22% and overall gross margin increased by 45 bps
- Store fixed cost decreased by Rs 6.15 /sqft/month to Rs 160/sqft/month in 1QFY16
- Regional & Corporate Overheads decreased by Rs 16.13 per sqft/month to Rs.98 per sqft/month in 1QFY16
- One store opened during 1QFY16



- Heritage Foods Ltd has in association with Mahindra EPC Services Private Limited has commissioned a 2.34 MWP Solar Power Project at IPH, Masjid Adavi Village, Mulugu Mandal, in Medak district near Hyderabad on September 29, 2013, under REC mechanism and to meet for the captive energy requirement
- Turnover in Q1FY16 was Rs 6.58 mn
- Capital Employed for Renewable Energy division Rs 156.61 mn

Q1FY16 Financial Results



AUDITED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED June 30, 2015 (₹ in Lakhs)								
PARTICULARS	STANDALONE				CONSOLIDATED			
	Quarter Ended		Year Ended		Quarter Ended		Year Ended	
	30-Jun-15	31-Mar-15	30-Jun-14	31-Mar-15	30-Jun-15	31-Mar-15	30-Jun-14	31-Mar-15
	Unaudited	Unaudited	Unaudited	Audited	Unaudited	Unaudited	Unaudited	Audited
1) Income from operations								
Net Sales/Income from Operations	56796.58	53012.76	49680.33	203348.14	56796.58	53012.76	49680.33	203348.14
Other Operating Income	1048.89	1389.08	896.43	3948.51	1048.89	1389.08	896.43	3948.51
Total income from operations	57845.47	54401.84	50576.76	207296.65	57845.47	54401.84	50576.76	207296.65
2) Expenses								
Cost of materials consumed	35079.26	34361.32	31442.72	131393.51	35079.26	34361.32	31442.72	131393.51
Purchase of stock in trade	11125.80	11056.95	10154.37	42184.17	11125.80	11056.95	10154.37	42184.17
Changes in inventories of finished goods, work-in-progress and stock in trade	98.24	-1937.95	-271.62	-5079.25	98.24	-1937.95	-271.62	-5079.26
Employees benefit expense	3176.76	2942.46	2715.59	11072.42	3176.76	2942.46	2715.59	11072.42
Depreciation and Amortisation expense	834.17	882.59	817.04	3399.03	834.17	882.59	817.04	3399.03
Other expenses	5575.34	5150.99	4726.89	19522.50	5575.34	5150.68	4726.89	19522.66
Total Expenses	55889.57	52456.36	49584.99	202492.39	55889.57	52456.04	49584.99	202492.54
3) Profit / (Loss) from operations before other income, finance costs & exceptional items(1-2)	1955.90	1945.48	991.77	4804.26	1955.90	1945.79	991.77	4804.11
4) Other income	168.84	446.73	99.85	702.66	168.84	461.91	99.85	717.83
5) Profit/(Loss) from ordinary activities before finance cost and exceptional items (3+4)	2124.74	2392.21	1091.62	5506.92	2124.74	2407.70	1091.62	5521.94
6) Finance cost	436.51	440.07	429.94	1593.01	436.51	440.07	429.94	1593.01
7) Profit/(Loss) from ordinary activities after finance cost and before exceptional items (5+6)	1688.23	1952.14	661.68	3913.91	1688.23	1967.63	661.68	3928.92
8) Exceptional items	-	-	-	-	-	-	-	-
9) Profit/(Loss) from ordinary activities before tax (7-8)	1688.23	1952.14	661.68	3913.91	1688.23	1967.63	661.68	3928.92
10) Tax expense								
Current Tax/MAT	651.00	604.00	208.00	1169.36	651.00	604.00	208.00	1169.36
Prior period tax	1.08	-	0.02	-0.45	1.08	-	0.02	-0.45
Deferred Tax Charge/(Credit)	-35.63	88.59	-76.09	-76.02	-35.63	88.59	-76.09	-76.02
11) Profit/(Loss) from ordinary activities after tax (9-10)	1071.78	1259.55	529.75	2821.02	1071.78	1275.03	529.75	2836.04
12) Extraordinary Items	-	-	0.00	-	0.00	0.00	-	0.00
13) Net Profit/(Loss) (11-12)	1071.78	1259.55	529.75	2821.02	1071.78	1275.03	529.75	2836.04
14) Share of profit / (loss) of associates	-	-	0.00	-	0.00	-0.06	-0.02	-0.28
15) Minority interest	-	-	0.00	-	0.00	0.10	0.00	0.16
16) Net Profit/ (Loss) after taxes, minority interest and share of profit / (loss) of associates (13+14-15)	1071.78	1259.55	529.75	2821.02	1071.78	1274.87	529.73	2835.60
Paid-up Equity Share Capital	2319.90	2319.90	2319.90	2319.90	2319.90	2319.90	2319.90	2319.90
Reserves (excluding revaluation reserve)	-	-	-	16981.26	-	-	-	16972.70
Earning Per Share before Extra Ordinary Items								
Basic (₹)	4.62	5.43	2.28	12.16	4.62	5.50	2.28	12.22
Diluted (₹)	4.62	5.43	2.28	12.16	4.62	5.50	2.28	12.22
Earning Per Share After Extra Ordinary Items								
Basic (₹)	4.62	5.43	2.28	12.16	4.62	5.50	2.28	12.22
Diluted (₹)	4.62	5.43	2.28	12.16	4.62	5.50	2.28	12.22
Public Share Holding								
Number of shares	13,913,154	13,913,154	13,913,554	13,913,154	13,913,154	13,913,154	13,913,554	13,913,154
Percentage of Public shareholding	59.97	59.97	59.97	59.97	59.97	60.22	59.97	59.97

Q1FY16 Financial Results - Segmental



SEGMENT REPORTING FOR THE QUARTER AND YEAR ENDED June 30, 2015 (₹ in Lakhs)	STANDALONE				CONSOLIDATED			
	Quarter Ended		Year Ended		Quarter Ended		Year Ended	
	30-Jun-15	31-Mar-15	30-Jun-14	31-Mar-15	30-Jun-15	31-Mar-15	30-Jun-14	31-Mar-15
	Unaudited	Unaudited	Unaudited	Audited	Unaudited	Unaudited	Unaudited	Audited
1. Segment Revenue								
a. Dairy	43677.09	40402.82	38264.58	155585.71	43677.09	40402.82	38264.58	155585.71
b. Retail	13393.47	13472.49	11768.66	49397.00	13393.47	13472.49	11768.66	49397.00
c. Agri	2338.18	2021.97	2123.46	8400.16	2338.18	2021.97	2123.46	8400.16
d. Bakery	205.15	179.61	108.83	588.92	205.15	179.61	108.83	588.92
e. Renewable Energy	65.81	78.13	59.75	257.03	65.81	78.13	59.75	257.03
f. HFRL	-	-	-	-	-	-	-	-
g. Heritage Conpro Ltd	-	-	-	-	-	-	-	-
Total Segment Revenue	59679.70	56155.02	52325.28	214228.82	59679.70	56155.02	52325.28	214228.82
Less: Inter Segment Revenue	1834.23	1753.18	1748.52	6932.18	1834.23	1753.18	1748.52	6932.18
Net Sales / Income from Operations	57845.47	54401.84	50576.76	207296.65	57845.47	54401.84	50576.76	207296.65
2. Segment Results								
(Profit (+) / (Loss) (-) before finance costs and tax)								
a. Dairy	2622.77	2306.83	1551.92	6717.47	2622.77	2306.83	1551.92	6717.47
b. Retail	-519.67	80.23	-441.99	-1107.36	-519.67	80.23	-441.99	-1107.36
c. Agri	-21.90	-35.18	-12.37	-125.47	-21.90	-35.18	-12.37	-125.47
d. Bakery	-6.22	-11.70	-28.81	-84.46	-6.22	-11.70	-28.81	-84.46
e. Renewable Energy	17.98	29.19	17.85	70.53	17.98	29.19	17.85	70.53
f. HFRL	-	-	-	-	0.00	-0.52	-	-0.76
g. Heritage Conpro Ltd	-	-	-	-	0.00	-0.41	-	-0.63
Total Segment Results	2092.96	2369.36	1086.60	5470.70	2092.96	2368.44	1086.60	5469.31
Less: i. Finance costs	436.51	440.07	429.94	1593.01	436.51	440.07	429.94	1593.01
ii. Other un-allocable Expenditure net off	0.00	1.24	0.00	1.24	0.00	-15.17	0.00	-15.17
Add: i. Interest Income	31.78	24.09	5.03	37.42	31.78	24.09	5.03	37.42
ii. Other un-allocable Income	0.00	0.00	0.00	0.04	0.00	0.00	0.00	0.04
Total Profit before Tax	1688.23	1952.14	661.68	3913.91	1688.23	1967.63	661.68	3928.92
3. Capital Employed								
Segment Assets -Segment Liabilities)								
a. Dairy	19892.61	18687.41	17665.55	18687.41	19892.61	18687.41	17665.55	18687.41
b. Retail	8299.78	8877.40	6746.62	8877.40	8299.78	8877.40	6746.62	8877.40
c. Agri	3257.42	3135.92	3465.69	3135.92	3257.42	3135.92	3465.69	3135.92
d. Bakery	1068.16	1075.13	1089.97	1075.13	1068.16	1075.13	1089.97	1075.13
e. Renewable Energy	1566.13	1588.95	1655.11	1588.95	1566.13	1588.95	1655.11	1588.95
f. HFRL	-	-	-	-	-0.52	-0.52	-0.34	-0.52
g. Heritage Conpro Ltd	-	-	-	-	-0.41	-0.41	-0.34	-0.41
h. Unallocated	53.52	222.41	116.09	222.41	53.52	222.41	116.09	222.41
Total	34137.62	33587.22	30739.03	33587.22	34136.69	33586.29	30738.35	33586.29



As on June, 2015

	mn shares	% holding
Promoters	9.29	40.03
FII's	0.69	3.01
Domestic Institutions	1.09	4.70
Others	12.12	52.26
Total	23.19	100

Q1FY16 Dairy - Spread of Operations



- **Widest regional footprint in India among privately held dairy companies. Spread across 10 states:**

- Andhra Pradesh -Telangana
- Tamil Nadu -Karnataka
- Maharashtra -Kerala
- Odisha -Haryana
- Rajasthan -Delhi



Present in the highest milk producing states in India.

- **One of the leading private sector dairy companies in India in sales and volumes.**

Particulars	Andhra Pradesh	Telangana	Tamil Nadu	Karnataka	Maharashtra	Kerala	Odisha	Haryana/Delhi	Rajasthan	Total
Average Procurement of Milk LPD	575,091	153,944	229,761	18,625	112,470	0	0	0	17,380	1,107,272
No. of Chilling Plants	72	43	13	0	6	0	0	0	2	136
Chilling Capacity LPD as on 30.06.2015	971,000	193,000	258,000	50,000	90,000	0	0	0	20,000	1,582,000
No. of processing and Packing Plants	7	3	1	1	1	0	0	1	--	14
Processing Capacity LPD as on 30.06.2015	740,000	390,000	50,000	150,000	50,000	0	0	75,000	--	1,455,000
Liquid Milk Sales LPD	192,628	249,854	152,796	108,161	50,615	11,549	6,197	12,923	--	784,723
Curd Kgs/ Day	95,180	38,694	35,041	19,766	160	752	2,499	3,263	--	195,355
Ice Cream LPD	2,880	4,657	1,252	747	1,066	0	409	0	--	11,011

*LPD : liters per day

Q1FY16 Distribution Network Structure



One Level

88 % sales

Sales Office

Agents/Retailer/Parlours

Consumer

Two Level

11 % sales

Sales Office

Distributors/Stockists

Agents/Retailers

Consumer

Three Level

1 % sales

Sales Office

CFA/CA

Distributors/Stockists

Agents/Retailers

Consumer

- No of Sales offices - 26
- No of Distributors/Agents - 5275
- No of outlets - 108000
- No of Households serviced on daily basis: 1103000
- No of vehicles (trucks/tankers/puff vehicles) servicing Heritage everyday: 1070

Range of Products



Milk



UHT Milk & Fresh Cream



Flavoured Milk

Tetra Packs & Bottles



Curd



Fruit n Curd



Lassi



Butter Milk



Sweets



PT Butter & Cheese



Cooking Butter



Bring Home Health & Happiness

Range of Products



Buffalo Ghee



Cow Ghee



Paneer



Dairy Whitener



Skim Milk Powder



Ice Cream/Frozen Desert

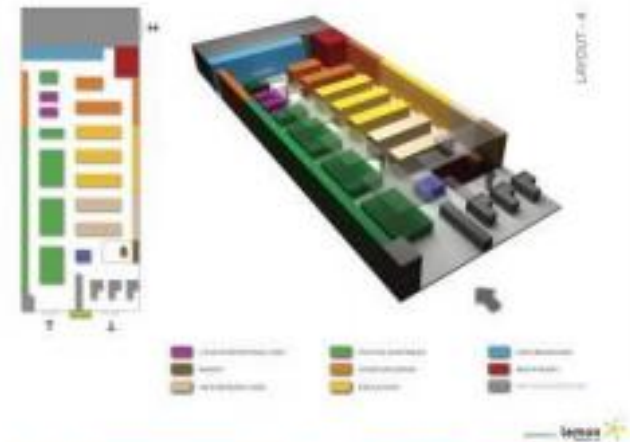


Bring Home Health & Happiness

Business Profile - Retail Division



- Started in 2006 as a logical extension to dairy division to benefit from the food and grocery retail boom in India
- Average store area is ~3,000 sft and contains over 6,000 SKUs
- A typical store is on 9 years lease
- International concepts/standards in branding, layout, design and display
- Layout, ambience, and cleanliness standards have become a benchmark in the industry. All stores are air-conditioned, owned, operated, and maintained by the company
- Rated the highest in Customer Satisfaction among Food & Grocery chains in South India by WPP group



All Stores are in prime retail/residential locations and are on the ground floor with an average frontage of 40ft

Quality & FRESHness



- **FRESH is not just a part of our name**
 - It is the essence of the relationship we have built with our customer
 - It stands for the freshness of the products we sell
 - It's also about the originality of our business model
- **Direct procurement of fruits & vegetables from farmers/Heritage Agri and FMCG & grocery products from manufacturers**
- **Dedicated bakery facility to cater to select stores by offering a wide range of fresh bakery products**



Company's value proposition is high quality fresh produce, grocery & FMCG products at competitive prices coupled with high level of service & convenience

Pack Houses Infrastructure



Bring Home Health & Happiness



S. No	Division	Employee Strength
1	Dairy	1952
2	Retail	2457
3	Agri	97
4	Bakery	34
Grand Total		4540



Thank You

Bring Home Health & Happiness